



City of Chicago
Richard M Daley, Mayor

Department of Law

Mara S. Georges
Corporation Counsel

<http://www.cityofchicago.org>
E-Mail Address

THE CITY OF CHICAGO'S COMMENTS REGARDING THE ILLINOIS POWER AGENCY'S DRAFT POWER PROCUREMENT PLAN

The City of Chicago (the City) appreciates the opportunity to submit comments regarding the Illinois Power Agency's (IPA) Draft Power Procurement Plan (the Plan) dated August 16, 2010. The City has been a long-time advocate of energy efficiency efforts. The Chicago Climate Action Plan (CCAP) details the City's commitment to energy efficiency. The CCAP proposes to reduce greenhouse gas (GHG) emissions from 1990 levels by 80% by 2050, with an interim goal of 25% reductions from that level by 2020. CCAP at 11. The CCAP places significant emphasis on the multiple benefits of energy efficiency measures to meet this aggressive goal.

Research informing the CCAP identified 70% of Chicago's GHG emissions come from buildings. *Id.* at 17. Accordingly, the CCAP sets as its primary goal improving energy efficiency in residential, commercial, and industrial buildings. *Id.* In particular, the CCAP establishes a goal of implementing energy efficiency measures in 9,200 commercial and industrial buildings and 400,000 residential units in Chicago such that energy consumption is reduced by 30% in those facilities. *Id.* at 20. Collectively, these two efforts have an anticipated impact of reducing carbon emissions in Chicago by more than 2.7 million tons by 2020. In addition, the City continues to explore additional energy reduction opportunities, including the re-lamping

of street lights and the implementation of new technologies to support more efficient energy usage.

The IPA's decision to treat energy efficiency measures as an energy supply resource in its Plan is consistent with the City's objectives. The City strongly supports the IPA's decision on this point. By using energy efficiency through the purchase of avoided electricity, the IPA's constituents will continue to both receive the most cost-effective electricity, while at the same time reducing greenhouse gas emissions and upgrading the affected physical infrastructure with new components and technologies.

The City urges the IPA to revisit the limitation on energy efficiency resources to those "from existing Energy Efficiency Portfolio Standards programs administered by [Commonwealth Edison Company and the Ameren Utilities]". Plan at 4. The Plan's pool of eligible renewable energy efficiency resources should be broadened to include additional opportunities outside of the current portfolio. As noted by CNT Energy (CNT) in its comments, many other entities, such as municipalities, are investing in energy efficiency programs. Assuming they meet appropriate eligibility criteria, there is no reason for prohibiting these other entities participating in the bidding process to meet energy supply needs.

If the IPA or other parties have concerns about this suggestion, the City would not oppose that non-utility entities be able to participate in the energy supply resource bidding process on a pilot basis. A pilot may be appropriate to verify that these non-utility resources provide the resources they are projected to deliver. But any pilot program should be sufficiently large (1) to allow for administrative synergies and savings and (2) such that the results can inform future business plan development.

The City concurs with CNT's and the Natural Resources Defense Council's (NRDC) respective concerns that including energy efficiency resources implemented by the State's utilities pursuant to directives in the Energy Efficiency Portfolio Standard (EEPS) included in the Public Utilities Act (220 ILCS 5/8-103) in the IPA's Plan may lead to double counting of those resources. NRDC Comments at 2; CNT Comments at 2-3. As the NRDC points out, the Plan states that Commonwealth Edison Company's EEPS programs have been included in the utility's load forecasts. NRDC Comments at 2, *citing* Plan at 49. However, as noted above, the Plan also proposes that utility EEPS programs be treated as an energy supply resource. Plan at 4. This presents two problems. First, it is possible that the benefits from these programs could be counted twice – once to satisfy the utility's EEPS obligations and a second time as an energy supply resource. Second, and perhaps more importantly, ratepayers could end up paying twice for the same energy efficiency programs if the IPA pays the utilities to use their EEPS energy efficiency programs as a energy supply resource. Those resources have already been paid for by the utilities' respective ratepayers. The energy efficiency resources included in the Plan should not require ratepayers to pay a second time for measures for which they have already paid. Instead, the Plan should provide a separate funding source for energy efficiency measures distinct from the utilities' EEPS programs.

If you have any questions about these comments, please contact Joshua Milberg at 312-744-7609 or joshua.milberg@cityofchicago.org or Ron Jolly at 312-744-6929 or ron.jolly@cityofchicago.org.